

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Global Reseller Expedited Package Contracts 2  
(MC2013-51)  
Negotiated Service Agreement

Docket No. CP2016-166

PUBLIC REPRESENTATIVE COMMENTS ON POSTAL SERVICE  
NOTICE OF FILING MODIFICATION TWO TO A  
GLOBAL RESELLER EXPEDITED PACKAGE CONTRACTS 2  
NEGOTIATED SERVICE AGREEMENT

(October 7, 2016)

The Public Representative hereby provides comments pursuant to the Commission's Notice in this docket.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons on a Postal Service Request to enter into an additional Global Reseller Expedited Package 2 (GREP) Contract.<sup>2</sup>

Prices and classifications not of general applicability for GREP contracts were previously established by Governors' Decision No. 10-1, issued March 24, 2010.<sup>3</sup> In Order No. 1746, Commission approved the addition of the GREP Contracts 2 product (MC2013-51) to the competitive products list, and included a GREP Contracts 2 contract (CP2013-64) designated as a baseline agreement within the product.<sup>4</sup>

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<sup>1</sup> PRC Notice Initiating Docket No. MC2016-212/CP2016-301, October 3, 2016

<sup>2</sup> Notice of Filing Modification Two to a Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, September 30, 2016. (Notice).

<sup>3</sup> See Request of the United States Postal Service to Add Global Reseller Expedited Package Contracts to the Competitive Products List and Notice of Filing (Under Seal) of Contract and Enabling Governors' Decision, Docket Nos. MC2010-21 and CP2010-36, March 29, 2010 (Request).

<sup>4</sup> PRC Order No. 1746, Order Adding Global Reseller Expedited Package Contracts 2 to the Competitive Product List Negotiated Service Agreement, Docket Nos. MC2013-51 and CP2013-64, June 13, 2013.

The Postal Service states that the original agreement that is the subject of this docket went into effect on June 1, 2016.<sup>5</sup> The intended effective date of Modification Two to the agreement is October 15, 2016. Modification Two amends the prices in Annex 3 of the agreement. Notice at 1.

## COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the instant Modification Two, and the supporting financial model filed under seal that accompanied the Notice. Based upon that review, the Public Representative concludes that Modification Two should be approved. It appears the prices in the instant contract as amended by Modification Two should continue to generate sufficient revenues to cover costs.

*Requirements of 39 U.S.C. § 3633.* 39 U.S.C. § 3633 requires that prices for competitive products must cover each product's attributable costs, not result in the subsidization of competitive products by market dominant products, and enable competitive products as a whole to contribute an appropriate share to the institutional costs of the Postal Service. In addition, the Commission requires that each contract included within a GREP product must cover its attributable costs.

The Postal Service's financial model indicates that the negotiated prices in the instant contract as amended by Modification Two in this docket should generate sufficient revenues to cover costs and the addition of the instant contract to the product should also satisfy 39 U.S.C. § 3633.

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<sup>5</sup> PRC Order No. 3316 – Approving Additional Global Reseller Expedited Package Services 2 Negotiated Service Agreement, May 23, 2016.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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